

No money will be deposited in any place other than an official depository, except as permitted by G.S. 115C-443(b), which exception relates only to certificates of deposits or such other forms of time deposits approved by the Local Government Commission.

The depository for school internal funds for each individual school must be approved by the Board of Education. Each individual school may maintain only one account at the depository approved for that school by the Board of Education. If interest is earned on this bank account, the principal has discretion to determine which of the internal accounts will be credited with the interest earnings with the limitation that, if any club and class accounts are to be credited with interest earnings, all club and class accounts must receive a proportionate share of the interest earnings. Schools may not place investments of excess funds directly, but shall instead inform the School Finance Officer of any amounts available to be invested and authorize the School Finance Officer to make appropriate investments on their behalf.

The Chief Financial Officer may establish such accounts as are necessary for the conduct of business operations and shall report the balances in these accounts and in the account for each of the individual schools on the semi-annual reports required by the Local Government Commission.

It is the policy of the Buncombe County Board of Education to manage its cash so that adequate internal controls are maintained and so that interest earnings are maximized within the degree of acceptable investment risk.

I. Use of Consolidated Banking Agreements

The Buncombe County Board of Education shall consolidate banking services for all monies under its control. Inasmuch as electronic financial transactions such as direct deposit of payroll, transmission of positive pay advices, and transmission of tax deposits have made changing banks much more onerous than when paper transactions were the norm and inasmuch as the costs of changing banks is now much higher than in the past, proposals will no longer be submitted to the banking community on a routine basis. Quotes shall be solicited if a banking relationship becomes unsatisfactory or if the market for such services changes significantly. If a proposal for banking services is released and responses obtained, award shall be made among those banks responding to the proposal according to the usual procurement procedures.

II. Investment of Idle Funds

The Buncombe County Board of Education authorizes the school finance officer to invest idle funds as permitted by State statute with the limitation that the principal amount be fully secured by one of the following means:

- A. FDIC Insurance.
- B. Pooled Collateral Method Allowed by State Treasurer (bank accounts in excess of FDIC

- limit; Certificates of Deposit).
- C. Delivery of Collateral with a market value equal to or greater than the investment to a Third Party Safekeeping Agent (Repurchase Transactions).
 - D. Delivery of Security to Third Party Safekeeping Agent (direct Purchase of Eligible Securities).
 - E. Investment in State Treasurer's Investment Fund or other pooled fund sanctioned by the State Treasurer.

The yield of these alternatives shall be compared to the costs of placing such investments and monies invested so as to maximize the net return to the School District.

III. Compliance with Requirements of State Controller

Recently, the State Controller has required all school administrative units to adopt a uniform cash management plan. The exact form and much of the wording of the plan are both specified by the State Controller. When the wording is specified by the State Controller, it is in italics. Other wording represents required, detailed specifics that must be supplied by each school administrative unit. The uniform cash management plan follows:

State of North Carolina
Buncombe County Schools
Cash Management Plan – School Administrative Units

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that “all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances.”

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each school administrative unit to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual school administrative unit.

Each school administrative unit will identify who will have cash management responsibility. In Buncombe County Schools, each building principal and each department head has responsibility for administering and assuring compliance with the cash management plan promulgated by the State Controller for all employees under their supervision who receive or disburse monies. Plans

will be submitted to the Office of the State Controller for approval. School administrative units will maintain a copy of their approved plan for auditor review.

Plan Requirements

Cash Management Over Receipts:

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, the Buncombe County Board of Education establishes the following rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - a. All monies received shall be deposited with the State Treasurer pursuant to G.S.147-77 and G.S. 147-69.1.
 - b. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.
2. Monies received shall be deposited daily in the form and amounts receive provided by law.
 - a. Monies received shall be deposited daily at the end of the normal workday prior to the bank's closing time unless the amount collected and held until the next business day is \$50.00 or less at each facility and the amount is secured in a locked cabinet.
 - b. Cash receipts received via mail will be immediately taken to the individual who has assigned responsibility for issuing receipts in the building if this individual does not open the mail him/herself. In schools, this individual is the Bookkeeper/Treasurer or Head Secretary/Treasurer. In the central office, this is a Bookkeeper in the Accounting Section.
 - 1) All monies collected anywhere in the central office or the transportation or maintenance facilities will be taken to the Bookkeeper in the Accounting Section the same business day that they are collected.
 - 2) Teachers will immediately write receipts for any monies collected in their classrooms and will turn them in no later than the end of that same school day to the school's office. The Bookkeeper/Treasurer or Head Secretary/Treasurer will reconcile receipts and deposit all collected funds at the end of the school day.
 - 3) Child Nutrition Cashiers will immediately ring up all monies received on their Point-of-sale cash registers; child nutrition managers will reconcile cash to the revenue total for each cash register and deposit receipts in the bank at the end of their shift.
 - 4) Individuals receiving monies for concession sales or admission at athletic events will count the money received at the end of the event and turn monies in with their currency/coin tally sheet to the designated school representative. If the event

is after regular banking hours, the monies will be deposited in a night depository. The school Bookkeeper/Treasurer or other designated individual will retrieve the night depository bag the morning of the next banking day. The bag will be delivered to the Bookkeeper/Treasurer unopened if she has not retrieved it from the bank herself. The Bookkeeper/Treasurer will reconcile the contents to the currency/coin tally sheet, prepare a deposit and make it prior to the close of that same business day.

- c. Buncombe County Schools (or individual schools or Child Nutrition operations) may authorize outside collection agencies to charge appropriate fees to process and recover dishonored checks (bad checks). Individual schools that pursue repayment of bad checks may charge the face amount of the check plus the same service charge that the bank assesses to Buncombe County Schools (or to individual schools or to their Child Nutrition operations). Both the face amount of the check and the service charge must be paid in cash or by cashiers check. No further goods or services will be furnished until the deficiency has been satisfied.
3. Monies due to a school administrative unit from other governmental agencies or from private persons shall be promptly billed, collected and deposited. All school administrative units will establish account receivable management policies and procedures. These policies and procedures will incorporate the statewide accounts receivable policies and procedures (http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sig_Accounts_Receivable00001212.html), in accordance with G.S. 147-86.21, and be included as a part of the school administrative unit's cash management plan.
 - a. Buncombe County Schools shall require payment in advance for all services with the exception that the Director of Student Services shall have the authority to allow individuals who cannot pay an entire year's tuition in advance to pay by semester.
 - b. Such payment plans will require the entire sum for the semester to be paid in advance.
 4. School administrative units shall accept electronic payments (credit/debit cards [merchant cards] and electronic funds transfers [EFT]) in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. The unit must submit a business plan to the State Controller for evaluation prior to the acceptance of electronic payments. All units will utilize the Master Settlement Agreement (MSA) for electronic payment processing. All units will establish policies and procedures necessary to facilitate use of electronic payments. These policies and procedures will incorporate the statewide electronic payment policies and procedures (http://www.ncosc.net/SECP/SECP_Policies.html) and be included as a part of the school administrative unit's cash management plan.
 - a. Buncombe County Schools will accept electronic funds transfer from other units of government.
 - b. Buncombe County Schools will not accept credit card payments.

In addition to adhering to these guidelines, school administrative unit's plans shall employ

proven techniques, which improve cash handling. Some of these techniques include:

- Receipt of federal grant payments by transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate processing of remittances during peak periods. Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but, which are geographically distant from the nearest State agency office. Lockboxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to an earlier receipt of monies due to the State.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management over Disbursements:

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
 - a. Disbursements of State funds shall be made in a timely fashion to avoid finance charges and will be made only to the ultimate payee.
 - b. Occasionally, circumstances require that local funds be used to pay for a good or service and that the expenditure of local funds be reimbursed with State monies. An example is a travel advance given with local funds that is reimbursed after the conclusion of the staff development activity with State or federal funds.
 - c. The Secretary to the Chief Financial Officer reconciles the combined State/Federal bank account each month. She has no access beyond that of "inquiry" to either the General Ledger or to the Payroll and General Expense Disbursement systems.
2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the school administrative unit disbursing or expending

the monies is subject to the Act.

3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
5. Disbursement cycles for each school administrative unit shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.
 - Payments are processed on a daily basis and as soon as invoices and receiving reports have both been received and matched by accounts payable. Usually checks are sent to the vendor just prior to the expiration of the grace period for payment.
6. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.
 - EFT payments are accepted only from Federal, State, and County government.
7. State administered and/or approved procurement cards should be used to provide employees with food, lodging, and other applicable subsistence in emergency situations. (For OSC policy, see http://www.ncosc.net/sigdocs/sig_docs/cash_mgmt/cash_Management_in_emergency_situations-2005.pdg)
 - Buncombe County Schools does not utilize procurements cards in this situation but would issue travel advances instead. It would be an extraordinarily rare circumstance for Buncombe County Schools to be called upon to render assistance beyond the borders of Buncombe County as is contemplated by this regulation.
8. Delegation of Disbursing Authorities must be kept regardless of whether changes have occurred since the last submission, "Delegation of Disbursing Authority" agreements must be submitted annually for OSC approval.

Techniques helpful in controlling disbursements include:

- Establishing special procedures for making large disbursements such as social security and federal tax withholding tax remittances to ensure that payments is made on the due date and not before.
- Managing inventory and supply levels to stock the minimum necessary to conduct business without a disruption.

Finally, the State Controller now requires that the Cash Management policy contain the signatures of the Superintendent and Finance Officer as well as an approval block for the State Controller as shown below:

(Superintendent)

(Date)

(Fiscal Officer)

(Date)

(State Controller)

(Date)

Legal References: G.S. 115C-443, -444

Cross References: Use of Employer Identification Number (EIN) (Policy 8400), Individual School Accounts (Policy 8410), Fund-Raising by Affiliated Organizations (Policy 8600).

Adopted: June 6, 2013

Replaces Board Policy 502